

TEXAS OPEN-ENROLLMENT CHARTER SCHOOLS

2005-06 Evaluation

EXECUTIVE SUMMARY
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EXECUTIVE SUMMARY

The 2005-06 school year marked the ten year anniversary of charter school operations in Texas, and 2005-06 evaluation of Texas' open-enrollment charter schools provides a unique opportunity to examine how charter schools have developed over their first decade of operation. The 2005-06 evaluation examines many aspects of charter schools, including school and student characteristics, state-level policy changes, parent and student satisfaction, student achievement, finances, and the effect of charters on traditional district schools. Many of the report's analyses draw on data collected across previous evaluation years to describe how charter schools have evolved in the state.

DATA SOURCES

As in past years, the 2005-06 evaluation relies heavily on archival data collected by the Texas Education Agency (TEA) through the state's Public Education Information Management System (PEIMS) and the Academic Excellence Indicator System (AEIS). In addition, the evaluation includes data collected through surveys of charter school directors, charter students, traditional district representatives, and parents of students enrolled in charter schools as well as parents of students enrolled in traditional district schools.

Throughout the report, results are presented for all charter schools and for charters rated under standard and alternative education accountability procedures. Texas has established separate accountability procedures for schools serving predominantly at-risk students and registered as alternative education campuses (AECs) because such schools often confront different educational challenges than schools that serve proportionately fewer at-risk students. Half of the charter campuses that enrolled students during the 2005-06 school year were rated using alternative education procedures. In contrast, only 3 percent of the state's traditional district schools were registered as AECs in 2005-06.

BACKGROUND

Texas' program of charter schools began with legislation passed in 1995 permitting the state to authorize its first 20 open-enrollment charter schools. Since that time, Texas charter schools have grown into one of the nation's largest charter school programs, enrolling 70,861 students in 194 charter schools statewide in 2005-06. In spite of its size, Texas' system of charter schools enrolls less than 2 percent of the more than 4.4 million students who attended the state's public schools in 2005-06.

As shown in Figure 1, Texas charter schools experienced a period of rapid expansion from 1998 through 2000. This growth was largely the result of 1997 legislation that raised the number of permissible charters to 100 and allowed for an unlimited number of "75 Percent Rule" charters designed to serve large proportions (75 percent or more) of students at risk of failure or dropping out. During the 2000-01 school year, nearly a third of Texas' 160 operating charter schools (32 percent) were characterized as 75 Percent Rule charters.

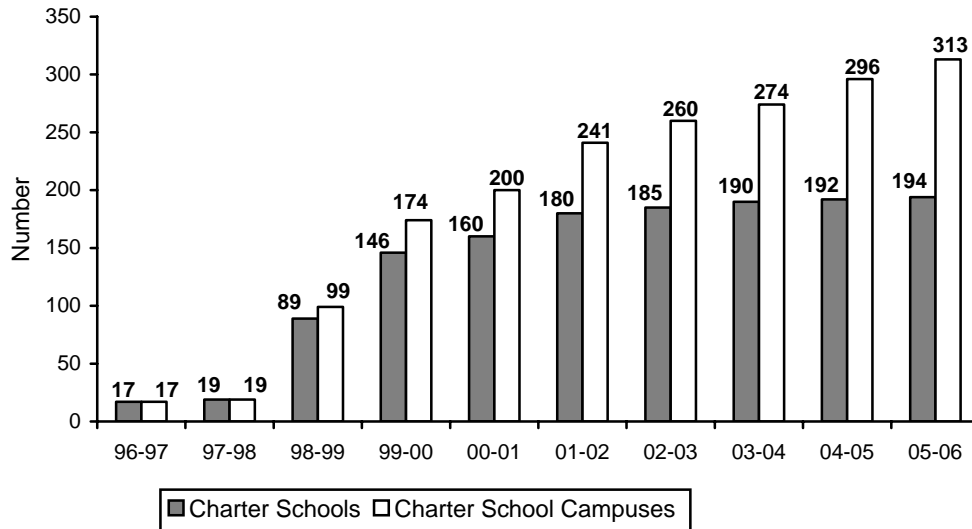


Figure 1. Number of Texas open-enrollment charter schools and campuses, 1997-2006.

The rapid growth of charter schools coupled with concerns over the new schools’ academic and fiscal accountability caused the Legislature to cap the number of permissible charter schools at 215 and to eliminate the 75 Percent Rule designation in 2001. In addition, the State Board of Education (SBOE) and the TEA revised the charter school application process to include more detailed information about charter school applicants and more rigorous examination of their educational plans. These changes have slowed the expansion of charter schools (only 14 new charters have been authorized since 2001-02), but because Texas allows charter schools to operate multiple campuses under a single charter, the growth of charter campuses has remained steady as existing charter schools replicate their programs in multiple locations.

MAJOR FINDINGS

Characteristics of Texas Open-Enrollment Charter Schools

Charter schools tend to be new schools. About half of charters operating in 2005-06 had been in operation five or fewer years. Charter schools are also small schools, enrolling about 226 students on average, compared with enrollments of about 580 students in traditional district schools. As shown in Figure 2, charter schools enroll larger proportions of African American and low-income students and smaller proportions of White students than traditional district schools statewide. While half of the charter campuses operating in 2005-06 were AECs, these charters accounted for only 42 percent of the state’s charter school enrollment and tended to enroll more Hispanic and fewer African American students than standard accountability charters.

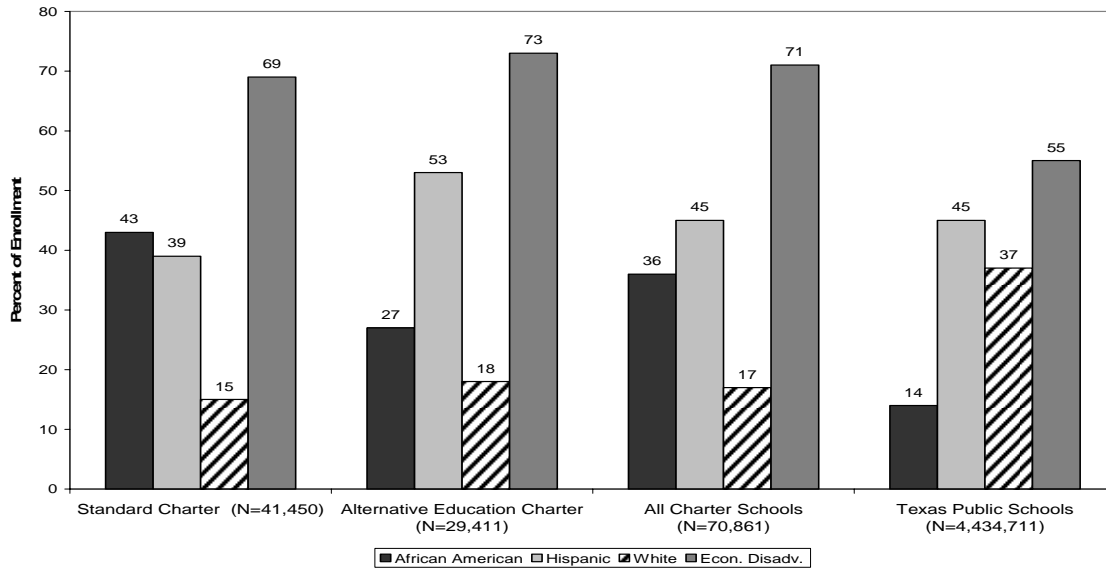


Figure 2. Demographic characteristics of charter and traditional district schools.

On average, charter schools employ larger proportions of minority teachers (51 percent versus 27 percent in traditional districts) and teachers with less experience. Nearly 70 percent of charter school teachers in 2005-06 had five or fewer years of teaching experience compared with 35 percent of teachers in traditional districts. Charter teachers also earned about \$9,000 less than traditional public school teachers. This difference may be attributed in part to charter teachers' relative lack of experience.

Charter school administrators also earned less than administrators in traditional district schools. Central administrators in charter schools earned about \$10,000 less than central administrators in district schools, and campus-level charter administrators earned about \$14,600 less, on average. Despite their reduced salaries, charter school administration comprised a larger proportion of staff than administrators at traditional district schools in 2005-06 (13 percent versus 6 percent respectively).

Charter School Revenues

As shown in Figure 3, charter schools received about \$600 less per student in average daily attendance (ADA) than traditional districts in 2004-05 (the most recent year for which financial data are available). Because charter schools are not able to levy local property taxes, they do not have the same access to local funding sources as traditional district schools. Texas attempts to offset differences by providing charters with proportionately more revenue from state sources than it provides to traditional district schools.

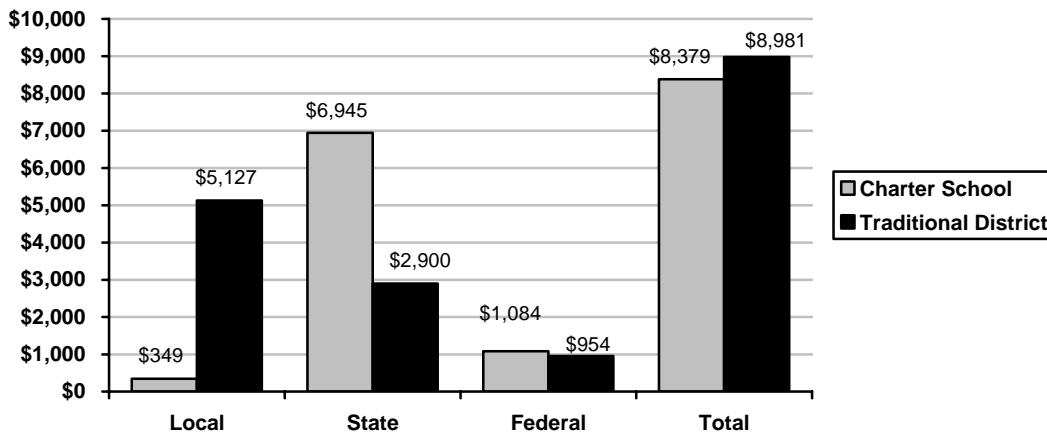


Figure 3. Charter and traditional district revenue per ADA by source: 2004-05.

Source: The Texas Education Agency PEIMS Actual Financial Database, with questionable data omitted. Local, state and federal may not sum to total due to rounding.

Like most states, Texas does not provide charter schools with facilities funding. The state's traditional district schools receive facilities funding through its debt service revenue programs: the Instructional Facilities Allotment and Existing Debt Allotment. When debt service revenues are omitted from comparisons, charter and traditional district schools have roughly equivalent levels of per-student revenues (see Figure 4). Charter school directors surveyed for this year's analysis indicated that the lack of facilities funding was a substantial barrier to operating a charter school and that some charters used instructional funds to pay for facilities.

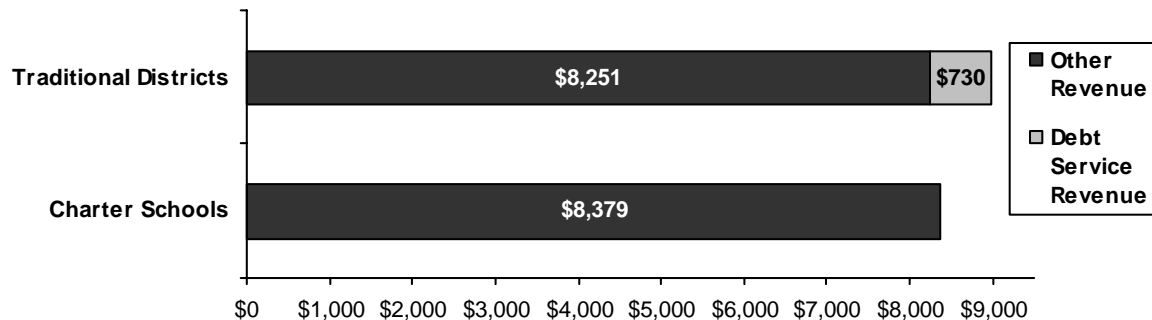


Figure 4. Comparison of debt service revenue and other revenues: 2004-05.

Source: Texas Education Agency PEIMS Actual Financial Database, total revenue all funds.

Charter School Academic Performance

Texas requires that charter schools participate in its statewide standardized testing program, and it holds charter schools to the same accountability standards as traditional district schools. Like the state's traditional district schools, charter schools and campuses receive accountability ratings based on their performance on the Texas Assessment of Knowledge and Skills (TAKS), the State Developed Alternative Assessment II (SDAA II), as well as school completion and dropout rates.

In 2005-06, traditional district campuses produced higher TAKS passing rates than charter campuses in science and writing; however, passing rates for other content areas were roughly equal for both types of schools. A comparison of charter campuses with traditional campuses serving demographically-similar students found no significant differences in 2006 TAKS reading/English language arts scores. This comparison did, however, find that low-performing students enrolled in charter schools earned higher 2006 TAKS math scores than comparable students enrolled in traditional district schools. In contrast, high-performing students enrolled in traditional district schools tended to earn higher math scores than comparable high-performing students attending charters.

The report's analyses indicate that students who remain continuously enrolled in charter schools for longer periods of time (e.g., three years) have improved testing outcomes and that charter students with better attendance habits have higher levels of achievement. Not surprisingly, charter campuses that are able to retain their enrollments for longer periods and charters with higher attendance rates tend to receive better AEIS ratings. In addition, small class size improved student achievement in alternative education charter schools, and reduced student mobility improved student achievement in standard accountability charters.

Survey Results: The Perspectives of Charter School Directors, Charter Students, Traditional District Representatives, and Parents of Charter School and Traditional School Students

According to charter school directors and parents of students enrolled in charters, parent and student word of mouth is the primary means by which parents learn of charter schools. And parents, charter school directors, and charter students all indicate that teacher quality as well as small school and class size are primary considerations in the decision to enroll in a charter school. Charter school directors say that small class sizes enable teachers to provide more innovative, one-on-one instruction and to individualize instruction to meet student needs. Charter students say that their teachers care about them and know them by name and that they feel safer in small school environments. Charter directors also report that parents feel their children are safer in the smaller, more intimate educational settings provided by charter schools.

Consistent with national surveys about the effects of school choice, Texas parents who enrolled their children in charter schools in 2005-06 reported higher levels of school satisfaction than parents whose children remained in traditional district schools. Despite their increased satisfaction, charter parents participated in school activities at about the same rate as traditional district parents.

Students continue to express satisfaction with the quality of their teachers and their school environment. Students say they work hard in charter schools and earn better grades than in their previous school. Some students express concerns about charter schools' financial resources, noting that their schools are too small, lack a library, a gym, and/or sufficient extra-curricular activities.

Despite the rapid growth in charters over the past decade, few traditional district administrators were aware of charter schools operating in their area, and still fewer indicated that their district had made any changes in response to charter schools. When district administrators were aware of charters, they were attentive to student movement between the two types of schools.